

OFFICIAL STATEMENT [PLACEMENT MEMORANDUM]

New Issue - Book Entry Only

Rating: Standard & Poor's: ____
See "Rating" herein.

[SUGGESTED]

In the opinion of _____, Bond Counsel **[[Co-Bond Counsel]]** **[[Special Counsel]]**, based upon interest on the Series 1992 Bonds **[[the interest component of the Installment Payments paid by the Authority under the Installment Purchase Agreement and received by the Holders of the 199_ Certificates]]** is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the opinion of Bond Counsel,

\$_____,000
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
INSURED REVENUE BONDS
(_____)
Series 199_

Dated: _____, 199_

Due: _____, as shown below

The Series 199_ Bonds are issuable in the form of

[SUGGESTED]

The Series 199_ Bonds will constitute limited obligations of the California Health Facilities Financing Authority (**Authority**) secured under the provisions of the Indenture **[[Trust Agreement]]** and the Loan Agreement described herein, and will be equally and ratably payable from Loan Repayments made by _____, Inc. under the Loan Agreement and certain funds held under the Indenture.

[[REQUIRED FOR California Health Facilities Financing Authority]]

THE SERIES 199_ BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR. NEITHER THE STATE OF CALIFORNIA NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR THE INTEREST ON THE SERIES 199_ BONDS, EXCEPT FROM THE FUNDS PROVIDED UNDER THE LOAN AGREEMENT AND THE INDENTURE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE SERIES 199_ BONDS. THE ISSUANCE OF THE SERIES 199_ BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY

POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER.

The Series 199_ Bonds, however, pursuant to the California Constitution Article XVI, Section 4, and California Health and Safety Code, Division 107, Part 6, Chapter 1, will be insured by the Office of Statewide Health Planning and Development of the State of California, and all debentures issued in payment of any claims under such insurance will be fully and unconditionally guaranteed by the State of California, all as more fully described herein.

MATURITY SCHEDULE

\$____,000 Series 199_ Serial Bonds

| Maturity (date) | Principal Amount | Interest Rate | Price or Yield | Maturity (date) | Principal Amount | Interest Rate | Price or Yield |
|--------------------|---------------------|------------------|-------------------|--------------------|---------------------|------------------|-------------------|
| 199_ | \$____,000 | __._% | ____% | 199_ | \$____,000 | __._% | ____% |

The Series 199_ Bonds are offered when, as and if issued by

Dated: _____, 199_

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INTRODUCTORY STATEMENT

the Office of Statewide Health Planning and Development of the State (**Office**), pursuant to which the Office will insure the payment of the principal of and interest on the Series 199_ Bonds. If monies are not available to pay the principal of or interest on the Series 199_ Bonds, the Office shall continue to make payments on the Series 199_ Bonds, and, upon the occurrence of certain events, shall notify the Treasurer of the State and the Treasurer shall issue debentures to the holders of the Series 199_ Bonds fully and unconditionally guaranteed by the State in an amount equal to the principal of and accrued interest on the Series 199_ Bonds. For a more detailed description of the obligation of the Office to insure the payment of the principal of and interest on the Series 199_ Bonds, including the circumstances under which the insurance may be canceled and the procedures with respect to insurance default, and the obligations of the Corporation pursuant to the Regulatory Agreement, see "Security for the Series 199_ Bonds -- California Health Facility Construction Loan Insurance Program" and Appendix C -- "Summary of Principal Documents -- Contract of Insurance" and "-- Regulatory Agreement" herein.

Security [SUGGESTED]

Under a Deed of Trust with Fixture Filing, dated as of _____, 199_ (the **Deed of Trust**), the Corporation will grant to the trustee under the Deed of Trust, for the benefit of the Office and the Trustee, as trustee for the holders of the Series 199_ Bonds and the holders of Parity Debt, a first lien on and security interest in the Facilities, subject to Permitted Encumbrances, to secure the obligations of the Corporation under the Loan Agreement, the Deed of Trust, the Regulatory Agreement and the Contract of Insurance and with respect to Parity Debt. With the consent of the Office, the Deed of Trust may be amended or terminated at any time without the necessity of obtaining the consent of the Trustee, the Authority, the holders of the Series 199_ Bonds or the holders of Parity Debt. See "Security for the Series 199_ Bonds -- Deed of Trust."

Additional Bonds [SUGGESTED]

The Authority, upon compliance with the provisions of the Indenture, may issue additional Series of Bonds secured on a parity with the Series 199_ Bonds to acquire or construct an Additional Project, or to refund or advance refund any Series of outstanding Bonds or other Funded Debt. Additional Bonds may not be issued unless they are insured by the Office. See the subcaption "Issuance of Additional Bonds" under the caption "Indenture" in Appendix C hereto.

Parity Debt and other Permitted Indebtedness [SUGGESTED]

In addition to its obligations with respect to the Series 199_ Bonds and Additional Bonds, the Corporation may incur other indebtedness that may be on a parity with the Corporation's obligation to make Loan Repayments under the Loan Agreement if issued for the purposes and subject to the conditions provided in the Loan Agreement. Parity Debt may not be incurred unless it is insured by the Office or unless it is insured with the consent of the Office. See the subcaption "Limitation on Indebtedness" under the caption "Loan Agreement" in Appendix C hereto.

Bondholder's Risk [SUGGESTED]

There are risks associated with the purchase of the Series 199_ Bonds. See the caption "Bondholders' Risks" herein for a discussion of certain of these risks.

THE AUTHORITY

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THE SERIES 199_ BONDS

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SECURITY FOR THE SERIES 199_ BONDS

[REQUIRED]

California Health Facility Construction Loan Insurance Program

Description. The Corporation [[District]] has received a conditional commitment for insurance from the Office of the Corporation's payment of the principal of and the interest on the Series 199_ Bonds [[Certificates]] . The California Health Facility Construction Loan Insurance Program (**Program**) is authorized by Article XVI, Section 4 of the California Constitution and is provided for in the Insurance Law. The Program is operated by the Office, which has adopted regulations implementing the Program. Under the Insurance Law, the Office is currently authorized to insure health facility construction, improvement and expansion loans, as specified in the Insurance Law, to a total of not more than \$3,000,000,000. The insurance of payment of the principal of and interest on the Series 199_ Bonds is evidenced by the Contract of Insurance and the Regulatory Agreement, both of which will be entered into by the Office, the Authority and the Corporation concurrently with the execution and delivery of the Series 199_ Bonds.

The full amount of the principal of and interest, but no redemption premium, if any, on the Series 199_ Bonds is insured under the Program and are backed by the full faith and credit of the State. Reference is made to the official statement relating to the general obligation bonds most recently issued by the State, annual reports filed by the State with nationally recognized municipal securities information repositories and relating to the State's general obligation bonds for financial information relating to the general fund of the State and the biennial Actuarial and Asset Allocation Study for the Program, available upon request from the Office.

Insurance Law section 129050, subsection (a) requires, when the borrower is a nonprofit corporation, that a loan must be secured by a mortgage, first lien, trust indenture, or such other security agreement as the Office may require. Health and Safety Code section 32127.2 [[???]] states that a hospital district may execute a deed of trust and such other security interests as the Office may require in favor of the State as security for the insurance. For this purpose, the Corporation will grant a security interest in the Gross Revenues under the Loan Agreement and will enter into a first Deed of Trust. See "Pledge Under the Indenture; Gross Revenues" and "Deed of Trust" herein and "Summary of Principal Documents -- Deed of Trust" in Appendix C to this Official Statement.

The Program is financed by an application fee of 0.5 percent of the loan applied for, but not to exceed \$500 (Insurance Law section 129090), an inspection fee not in excess of 0.4 percent of the borrower's loan which is insured (Insurance Law section 129035), and an annual insurance premium not in excess of 0.5 percent per annum of the average amount of the principal obligation of the loan during the

year in which the charge is made, without taking into account delinquent payments (Insurance Law section 129040). The fees and premiums charged are deposited in the Health Facility Construction Loan Insurance Fund (**HFCLIF**) which is established by the Insurance Law (sections 129010, subsection (f) and 129200) and used to defray administrative expenses of the Program, to cure defaults on loans and to pay principal of and interest on debentures issued by the Treasurer of the State in payment of insurance claims.

Contestability. Under Insurance Law section 129110, the Contract of Insurance is incontestable from the date of execution thereof, except in case of fraud or misrepresentation on the part of the lender.

Cancellation. The Insurance Law and the Contract of Insurance impose certain continuing obligations on the Corporation as a condition of insuring the Series 199_ Bonds, but specify that the remedies for breach of these obligations shall not include withdrawal or cancellation of the insurance; provided, however, if the premium charges for the insurance under Insurance Law section 129175 should be more than 10 days delinquent, the Office shall notify the Trustee, the Authority and the Corporation in writing. The Trustee or the Corporation shall have the opportunity to pay any such premium charges. If the delinquency in paying premium charges continues more than 30 days after the sending of the Office's first notice to the Authority, the Corporation and the Trustee, the Office shall notify the Trustee (for the benefit of the holders of the Series 199_ Bonds) of such continued delinquency, and shall request the Trustee to notify the holders of the Series 199_ Bonds of such continued delinquency, and shall specify the date on which the insurance will terminate if the premium charges remain unpaid. The Corporation, the Trustee or the holders of the Series 199_ Bonds then shall have the opportunity to pay any such premium charges; provided, however, the Trustee shall be obligated to pay such premium charges solely from funds available therefor held under the Indenture. In addition, the Trustee shall promptly, but in no event later than one Business Day prior to termination of the insurance, after receipt of such notice either (in the following order of priority) (a) pay the insurance premium then due from any source of funds available to the Trustee (but in the case of funds held pursuant to the Indenture, solely from the Insurance Account or the Revenue Fund, to the extent that moneys in the Revenue Fund have not been allocated to an account within the Revenue Fund and are not needed to pay the principal of or interest on the Series 199_ Bonds) or, with the consent of the Office, the Reserve Account; (b) enter into a supplement or amendment to the Contract of Insurance providing for the extension of said insurance; or (c) declare the principal on all Series 199_ Bonds then Outstanding, and the interest accrued with respect thereto, to be due and payable immediately pursuant to the Indenture. No such declaration shall be rescinded or annulled pursuant to the Indenture unless the Office acknowledges in writing the continuation of the insurance and the Contract of Insurance in a manner and to a date satisfactory to the Trustee. If the delinquency in paying premium charges continues, on the 31st day after sending of the Office's second notice to the Trustee for the benefit of the holders of the Series 199_ Bonds, the insurance shall be terminated and become null and void.

Insurance Law section 129040 requires insurance premiums to be paid annually in advance. The Trustee is required to deposit into the Insurance Account of the Reserve Fund created under the Indenture, from the proceeds of the sale of the Series 199_ Bonds, an amount which in the aggregate is equal to the certification and application fees payable to the Office, the first year's insurance premium payments on the Series 199_ Bonds and an additional one year's insurance premium to serve as a reserve amount. The Regulatory Agreement requires that the Corporation prepay one-twelfth of the annual insurance premium on the Series 199_ Bonds to the Trustee each month during the year prior to the time when such premium is due and payable. In addition, moneys in the Reserve Account may be used to pay insurance premiums on the Series 199_ Bonds, with the consent of the Office, in the event of a deficiency in the Insurance Account. The Authority has no obligation to pay insurance premiums to the Office.

The insurance provided by the Contract of Insurance will terminate in the event that the Series 199_ Bonds are defeased pursuant to the Indenture.

Benefits Upon Default. If there is an event of default as specified under the Indenture (**Event of Default**), the Trustee must notify the Office. The Trustee also must notify the Office if five days prior to an interest or principal payment date or a mandatory sinking account payment date there are not sufficient available moneys held by the Trustee in the Revenue Fund (other than in the Reserve Account, the Insurance Account or the Rebate Fund) to make the next payment of principal, mandatory sinking account payment or interest on the Series 199_ Bonds.

Pursuant to the Regulatory Agreement, if there is an Event of Default and the Trustee has notified the Office that available moneys in the Principal and Interest Accounts will be insufficient to pay in full the next succeeding payment of interest and/or principal when due, the Office shall cause a sufficient amount to be deposited in the Principal Account and/or Interest Account at least three Business Days prior to the date on which such payment is due. The money will come from the Bond Reserve Account held under the Indenture. If there are insufficient funds in the Bond Reserve Account to make such payment, then the Office shall make such payment from the HFCLIF. The obligation of the Corporation to repay any money advanced from the HFCLIF is secured by the Deed of Trust.

**[[for a NONPROFIT CORPORATION through (conduit) a POLITICAL SUBDIVISION
[[AUTHORITY]]:]**

Following an Event of Default, the Office may either (i) continue to approve such transfers or make such payments described in the preceding paragraph as are necessary to provide for the timely payment of the principal of and interest on the Series 199_ Bonds, (ii) accept title to the Health Facilities from the Trustee upon foreclosure pursuant to the Deed of Trust or otherwise, or (iii) accept an assignment of the security interest created under the Deed of Trust and of all claims under the Loan Agreement. The Regulatory Agreement provides that, upon receipt by the Office of title to the Health Facilities or assignment of the security interest in the Deed of Trust and upon surrender of the Series 199_ Bonds to the Office, the Office shall notify the Treasurer of the State and the Treasurer shall issue debentures to the Trustee for the benefit of the holders of the Series 199_ Bonds so surrendered in an amount equal to the total face value of the outstanding principal of and accrued but unpaid interest on the Series 199_ Bonds, for the term and at the interest rate payable on the Series 199_ Bonds.

[[for a NONPROFIT CORPORATION:]] Following an Event of Default, the Office may either (i) continue to approve such transfers or make such payments described in the preceding paragraph as are necessary to provide for the timely payment of the principal of and interest on the Series 199_ Bonds, (ii) accept title to the appropriate Facilities from the Trustee upon foreclosure pursuant to the Deed of Trust or otherwise, or (iii) accept an assignment of the security interest created under the Deed of Trust and of all claims under the Loan Agreement. The Regulatory Agreement provides that, upon receipt by the Office of title to the Facilities or assignment of the security interest in the Deed of Trust, the Office pursuant to Insurance Law section 129125 shall notify the Treasurer of the State and the Treasurer shall issue debentures to the Trustee for the benefit of the holders of the Series 199_ Bonds in an amount equal to the total face value of the outstanding principal of and accrued but unpaid interest on the Series 199_ Bonds and certain other amounts as specified in Insurance Law section 129125, for the term and at the interest rate payable on the Series 199_ Bonds (or, if less, the rate applicable to the most recent issue of State General Fund Bonds).

[[for a POLITICAL SUBDIVISION {HOSPITAL DISTRICT}:]] Following an Event of

Default, the Office may either (i) continue to approve such transfers or make such payments described in the preceding paragraph as are necessary to provide for the timely payment of the principal of and interest on the Series 199_ Bonds or (ii) accept title to the appropriate Facilities from the Trustee upon foreclosure pursuant to the Deed of Trust or otherwise. Insurance Law section 129130 provides that, upon the default by the District, debentures in an amount equal to the outstanding original principal obligation and interest on the bonds which were accrued and unpaid on the date of default and bearing interest at a rate equal to and payment schedule identical with those of the Series 199_ Bonds shall be issued by the Treasurer of the State upon notification thereof by the Office to the bondholders upon surrender of the Series 199_ Bonds to the Office {after the Office has enforced its rights under the Deed of Trust and Loan Agreement}.

While neither the Office has requested the issuance of, nor has the Treasurer of the State issued, any such debentures, and while definitive procedures for their issuance have not been established, including procedures covering matters such as compliance with the provisions of the Internal Revenue Code of 1986, as amended, and the regulations and rulings of the United States Department of Treasury thereunder, the Office has all necessary power to establish such procedures, and it is expected that such procedures would be established and that interest on such debentures would not be includable in the gross income of the holders of the Series 199_ Bonds for purposes of federal income taxation and would be exempt under the law as in effect on the date hereof from State personal income taxes. Upon the occurrence of certain Events of Default under the Indenture, there is the possibility that the interest on the Series 199_ Bonds could become subject to federal income taxation. The Indenture provides that there shall be no acceleration of the principal of and interest on the Series 199_ Bonds in the Event of Default under the Indenture without the consent of the Office. If the Series 199_ Bonds were declared taxable by the Internal Revenue Service or another appropriate authority, thereby resulting in an Event of Default under the Indenture, and if the Office did not consent to an acceleration, the Bondholders would continue to receive interest payments, but those interest payments would not be excludable from gross income for federal income tax purposes. See "Appendix C - Summary of Principal Documents - The Indenture - Events of Default and Remedies".

Under the Insurance Law, payments of principal of and interest on the Series 199_ Bonds or payments on the debentures would be made by the Office from the HFCLIF.

At the request of the Office, Ernst & Young LLP (**E&Y**) prepared a study dated December 1998 (**1998 Actuarial Study**) to evaluate, among other matters, (1) the reserve sufficiency of the HFCLIF as of June 30, 1998; and (2) the risk to the State General Fund from the California Health Facility Construction Loan Insurance Program. In the 1998 Actuarial Study, E&Y concluded that the HFCLIF as of June 30, 1998, which at that time had approximately \$130.4 million, appeared to be sufficient assuming "normal and expected" conditions, and that the HFCLIF should maintain a positive balance over the next eighteen years. Even in the event of a worst case scenario, which assumes a combination of two extraordinary events, E&Y finds that HFCLIF reserves would protect against any General Fund losses for ten years. As of June 30, 1998, the principal amount of loans insured under the Program was approximately \$1,729,983,000 and the cash balance of the HFCLIF was approximately \$130,410,000. A copy of the 1998 Actuarial Study is available upon request to: Cal-Mortgage Loan Insurance Division, Office of Statewide Health Planning and Development, 818 K Street, Room 210, Sacramento, CA 95814 (916/324-9957).

On October 14, 1998, the California State Auditor issued a report (**Auditor's Report**) on the Cal-Mortgage Program of the Office. The Auditor's Report recommended certain administrative changes in procedures for (1) reviewing applications and (2) monitoring existing loans. The recommendations, once implemented, should result in a reduction, to a small extent, of risk to Cal-Mortgage of losses from insured borrowers. Many of the recommendations already have been implemented. The Auditor's Report did not

address risks to Bondholders. A copy of the Auditor's Report can be obtained from the Office at the above address.

The moneys in the HFCLIF are continuously appropriated to pay obligations insured by the Office under the Insurance Law. Insurance Law section 129215 states: "The Health Facility Construction Loan Insurance Fund, established pursuant to Section 129200, shall be a trust fund and neither the fund nor the interest or other earnings generated by the fund shall be used for any purpose other than those purposes authorized by this chapter."

In the event that the Office fails to make any payments when due, the State Treasurer will be obligated to pay such amounts authorized to be appropriated to the holders of the debentures. As stated in Insurance Law section 129160, subsection (b), "In the event of a default, any debenture issued under this article shall be paid on a par with general obligation bonds issued by the state."

See "RATING" herein for a discussion of the rating the Series 199_ Bonds are expected to receive due to the insurance by the Office of the Series 199_ Bonds.

Pledge Under the Indenture; Pledge of Gross Revenues [SUGGESTED]

The Series 199_ Bonds are limited obligations of the Authority and, except to the extent payable from Series 199_ Bond proceeds, investment earnings or proceeds of insurance or condemnation awards, are payable solely from Loan Repayments required to be paid by the Corporation to the Trustee under the Loan Agreement and from other funds held under the Indenture. In the Loan Agreement, the Corporation agrees to make payments to the Trustee which, in the aggregate, are required to be in amounts sufficient for the payment in full of all amounts payable with respect to all Bonds issued under the Indenture (the Series 199_ Bonds and any Additional Bonds), including the total interest payable on the Bonds to their respective stated maturities, the principal amount of the Bonds, any redemption premiums, all premiums due under the Contract of Insurance and certain other fees and expenses (consisting generally of reasonable fees and charges of the Trustee, accountants' fees and reasonable fees and expenses of the Authority associated with the issuance of the Bonds) (**Additional Payments**), less any amounts available for such payment as provided in the Indenture.

Under the Indenture, the Authority has assigned to the Trustee for the benefit of the holders of the Bonds (a) all of the right, title and interest of the Authority in the Loan Agreement (except for the right to receive any Administrative Fees or Expenses to the extent payable to the Authority and any rights of indemnification and to be held harmless), the Contract of Insurance, the Regulatory Agreement and the Deed of Trust, and (b) all of the Revenues and any other amounts (including proceeds of the sale of Series 199_ Bonds) (excepting only Additional Payments, certain expenses of the Authority and the Trustee, and indemnity payments paid by the Corporation pursuant to the Loan Agreement), held in any fund or account established pursuant to the Indenture other than the Rebate Fund. Advances from the Office to make principal or interest payments on the Bonds will be secured by a pro rata share of the security of the Deed of Trust.

Pursuant to the Loan Agreement, the Corporation shall, so long as any of the Bonds are outstanding or any Additional Payments remain unpaid, deposit all of the Gross Revenues (other than interest income) with a depository bank or banks (**Depository Bank(s)**) in funds collectively designated as the "Gross Revenue Fund," and to pledge and grant a security interest (to the extent permitted by law) to the Trustee in the Gross Revenue Fund and all of the Gross Revenues to secure the payment of the Loan Repayments and

Additional Payments, any payment with respect to Parity Debt and the performance by the Corporation of its other obligations under the Loan Agreement. Amounts deposited in the Gross Revenue Fund may be used and withdrawn by the Corporation at any time and for any lawful purpose, except as provided in the Loan Agreement. If the Corporation is delinquent for more than one Business Day in the payment of any Loan Repayment or payment with respect to Parity Debt, the Authority or the Trustee shall notify the Corporation, the Office and the Depository Bank(s), and unless such Loan Repayment or payment with respect to Parity Debt is paid within ten days after receipt of such notice, the Corporation, but only with the written consent of the Office (provided such consent shall be required only if the Contract of Insurance is in effect and the Office is not in default thereunder), shall cause the Depository Bank(s) to transfer the Gross Revenue Fund to the name and credit of the Trustee. The Gross Revenue Fund shall remain in the name of and to the credit of the Trustee until the amounts on deposit in said fund are sufficient to pay in full, or have been used to pay in full, all Loan Repayments and payments with respect to Parity Debt then in default and all other Loan Default Events and events of default with respect to Parity Debt known to the Trustee shall have been made good or cured or provision shall have been made therefor, pursuant to the terms of the Indenture and the Loan Agreement, whereupon the Gross Revenue Fund (except for the Gross Revenues required to make such payments or cure such defaults) shall be returned to the name and credit of the Corporation. During any period that the Gross Revenue Fund is held in the name and to the credit of the Trustee, the Corporation shall not be entitled to use or withdraw any of the Gross Revenues unless and to the extent that the Trustee at its sole discretion so directs for the payment of current or past due operating expenses of the Corporation.

The foregoing pledge of Gross Revenues will be perfected to the extent that such security interest can be perfected by filing of notice under the Uniform Commercial Code of the State and may, in several instances, be subordinated to the interest and claims of others. Some examples of cases of subordination or prior claims are (i) statutory liens, (ii) rights arising in favor of the United States of America or any agency thereof, (iii) present or future prohibitions against assignment in any federal statutes or regulations, (iv) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction, (v) federal or State bankruptcy or insolvency laws that may affect the enforceability of the Indenture or pledge of Gross Revenues and (vi) rights of third parties in Gross Revenues converted to cash and not in the possession of the Trustee or the Depository Bank(s). In addition, it may not be possible to perfect a security interest in any manner whatsoever in certain types of Gross Revenues (e.g., gifts, donations, certain insurance proceeds, federal, county and state Short-Doyle Program payments and other revenues derived from governmental programs) prior to actual receipt by the Corporation for deposit in the Gross Revenue Fund.

Bond Reserve Account [SUGGESTED]

An amount equal to Maximum Annual Bond Service on the Series 199_ Bonds will be deposited in the Bond Reserve Account on the date of issuance of the Series 199_ Bonds. The Bond Reserve Account is required to be maintained in an amount equal to the Bond Reserve Account Requirement, and the Corporation is required to make up any deficiencies therein within one year. See Appendix C -- "Summary of Principal Documents -- Indenture -- Application of Bond Reserve Account" herein.

Deed of Trust [SUGGESTED]

The Corporation will execute the Deed of Trust pursuant to which the Corporation will grant to the trustee thereunder as trustee for the benefit of the Office and the Trustee, as trustee for the holders of the Series 199_ Bonds and the holders of Parity Debt a first lien on and security interest in the Facilities, subject

to Permitted Encumbrances and subject to the right of the Corporation (with the prior consent of the Office) to remove certain property from the lien on and security interest in the Deed of Trust, as security for the performance of the Corporation's obligations under the Loan Agreement, the Deed of Trust, the Regulatory Agreement and the Contract of Insurance and with respect to Parity Debt. See Appendix C -- "Summary of Principal Documents -- Deed of Trust" herein. With the consent of the Office, the Deed of Trust may be amended or terminated at any time without the necessity of obtaining the consent of the Trustee, the Authority, the holders of the Series 199_ Bonds or the holders of Parity Debt. An ALTA title insurance policy on the Facilities in an amount not less than the principal amount of the Series 199_ Bonds will be delivered at the time of issuance of the Series 199_ Bonds. See Appendix C -- "Summary of Principal Documents -- Deed of Trust" herein.

[[REQUIRED FOR California Health Facilities Financing Authority]]

THE SERIES 199_ BONDS WILL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF CALIFORNIA OR OF ANY SUCH POLITICAL SUBDIVISION, OTHER THAN THE AUTHORITY, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR. NEITHER THE STATE OF CALIFORNIA NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR THE INTEREST ON THE SERIES 199_ BONDS, EXCEPT FROM THE FUNDS PROVIDED UNDER THE LOAN AGREEMENT AND THE INDENTURE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE SERIES 199_ BONDS. THE ISSUANCE OF THE SERIES 199_ BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER.

Other Indebtedness of the Authority

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Guaranty Agreement

THE CORPORATION

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THE PROJECTPROJECT

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ESTIMATED USES AND SOURCES OF FUNDS

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FEASIBILITY STUDY [SUGGESTED]

_____, located in _____, _____, has completed a financial feasibility study of the proposed financing plan and has issued its _____ Report, dated _____ 199_ (**Feasibility Study**). The Feasibility Study was undertaken to evaluate the financial feasibility of the Project and the refinancing of the Existing Indebtedness. The Feasibility Study is based upon estimates, assumptions, forecasts and other information as stated therein. THE FEASIBILITY STUDY IS CONTAINED IN APPENDIX D HERETO AND SHOULD BE READ IN ITS ENTIRETY FOR A FULL UNDERSTANDING OF THE ASSUMPTIONS AND RATIONALE UNDERLYING THE FORECASTS AND CONCLUSIONS CONTAINED THEREIN.

Underlying Assumptions and Conclusions

The financial forecast contained in the Feasibility Study is based on assumptions that are enumerated throughout the Feasibility Study and that were provided by the Corporation (which assumptions include, as to the Series 199_ Bonds, a \$___ million aggregate bond issue to be amortized on a level debt service basis over ___ years with an estimated maximum fixed interest rate of __.% plus an annual bond insurance premium of 0.5% of the outstanding principal amount of the Series 199_ Bonds). The forecast indicates that the Corporation's debt coverage ratio is expected to equal or exceed 1.__% in all forecast years. The forecast also indicates that the sources of funds will be adequate to meet the Corporation's operating expenses, working capital needs, and other capital requirements.

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Estimated Debt Service Coverage

The following table, developed from information contained in the Feasibility Study, shows for each of the indicated years, a summary of certain estimated funds available for debt service coverage on the Series 199_ Bonds and other debt of the Corporation and the extent to which estimated debt service is covered by such funds for the first _____ years after issuance of the Series 199_ Bonds.

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The realization of any financial forecast may be affected by fluctuating economic conditions and is dependent upon the occurrence of other future events that cannot be predicted with certainty. Therefore, the actual results realized may vary from the forecast and such variations could be material. There can be no assurance that such forecasts will be realized or that comparable results will be attained beyond the forecast period.

BONDHOLDERS' RISKS

[SUGGESTED]

Except as noted herein, the Series 199_ Bonds are payable from and secured by monies to be received by the Authority from the Corporation pursuant to the Loan Agreement and from other funds held under the Indenture. No representation or assurance can be made that revenues will be realized by the Corporation in amounts sufficient to make Loan Repayments under the Loan Agreement, and thus to pay maturing principal, mandatory sinking fund requirements and interest on the Series 199_ Bonds. The Corporation's operations are subject to numerous factors beyond its control which could adversely affect its financial condition and, as a result, its ability to pay the principal of and interest on the Series 199_ Bonds. These factors include but are not limited to those factors described herein. **There can be no assurance given that revenues of the Corporation and/or utilization of the Corporation's facilities will not decrease.** See Appendix D -- "Feasibility Study" herein.

Dependence Upon Governmental Funding

Federal and State Legislation, Regulations, and Other Actions

Residential Program

Day Treatment/Outpatient Programs

Philanthropy

Changes in Social Services Delivery

Licensing, Surveys, Facility Inspections and Audits

Bankruptcy

Other Factors

ABSENCE OF MATERIAL LITIGATION

TAX EXEMPTION

APPROVAL OF LEGALITY

UNDERWRITER [PLACEMENT AGENT]

RATING

INDEPENDENT PUBLIC ACCOUNTANTS

FEASIBILITY CONSULTANT

MISCELLANEOUS

[SUGGESTED]

The foregoing and subsequent summaries or descriptions of provisions of the Series 199_ Bonds, the Indenture, the Loan Agreement, the Contract of Insurance, the Regulatory Agreement, and the Deed of Trust and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. Reference is made to said documents for full and complete statements of their provisions. The Appendices attached hereto are a part of this Official Statement that, together with the Indenture, the Loan Agreement, the Contract of Insurance, the Regulatory Agreement and the Deed of Trust may be obtained during the offering period upon request directed to the Underwriter **[[Placement Agent]]**.

This Official Statement has been issued by the Authority and approved by the Corporation. This Official Statement is not to be construed as a contract or agreement between the Authority or the Corporation and the purchasers or owners of any of the Series 199_ Bonds.

**CALIFORNIA HEALTH FACILITIES
FINANCING AUTHORITY**

By: MATT FONG
Chairperson

By: /s/ _____
Deputy

By: /s/ _____
Executive Director

Approved:

By: /s/ _____
Chief Executive Officer

APPENDIX A
INFORMATION CONCERNING
THE CORPORATION

The information contained herein as Appendix A to this Official Statement has been obtained from
_____.

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APPENDIX B
AUDITED FINANCIAL STATEMENTS

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APPENDIX C
SUMMARY OF PRINCIPAL DOCUMENTS

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APPENDIX D
FEASIBILITY STUDY

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APPENDIX E
FORM OF OPINIONS OF CO-BOND COUNSEL
